

# **EXHIBIT 43**

**EXHIBIT FILED UNDER SEAL**

From: Riaz Valani [RValani@gacapital.com]  
 Sent: 7/28/2015 3:56:17 PM  
 To: Nicholas J. Pritzker [njpritzker@taocap.com]  
 Subject: Re: Pax/SPV follow-up

**PRITZKER**  
**No. 14051**

Thanks. Will do.

On Jul 28, 2015, at 22:19, Nicholas J. Pritzker <njpritzker@taocap.com> wrote:

riaz: i wish i could be with you in Florence, but hope you will discuss these issues. I agree with you on priorities, and share your skepticism on the value of "free" advice from banks (although there are certainly times that it's handy), and especially reluctance to jump into bed on any level with another cig company, at least not now. This is especially true if (and it sounds like a "that") PMI hasn't gotten back to us after the meeting.

Sent from my iPad

On Jul 28, 2015, at 1:16 PM, Riaz Valani <RValani@gacapital.com> wrote:

I don't want to be overly/outwardly critical, but I don't really get it.

All for a data driven approach, but we are hiring a banker to run hundreds of pages of analysis to tell us what exactly? There is no 'truth fairy', and if there was it certainly wouldn't be a third year analyst at Stifel or a mutual fund investor at Fidelity.

My view, which has certainly evolved, is that it is too early to decide whether we want to get in bed with big tobacco again.

From the perspective of:

- what being in bed with big tobacco says about Pax (are we ready to make that irreversible directional commitment?)
- the financial consequences of selling our rights before we know how the product performs in the US (with the arrogant assumption that someone will overpay for something yet unproven)
- not finding a way to identify asymmetric distribution strategies that circumvent established channels (i.e. Direct2Consumer, Direct2Retail) possibly with non-tobacco international players in selected markets
- Our proven inability to manage a relationship with a large corporate, and my desire not to mortgage our entire global strategy on a relationship with one company

The question that wasn't answered was what BAT came back with, and the fact that (I believe) that PMI has not come back at all. I guess we will hear Friday.

I'm happy to have country by country partnerships per the criteria listed below, and I doubt we need bankers to figure that out. I'm not advocating a 'universal' framework, rather a way to start thinking clearly about how we explore our options. It says something that we feel compelled to outsource this to a 3rd tier bank.

In my view, immediate priorities are not this, but rather unanswered yet persistent questions on:

- Defining the ethos of the company
- Growing Pax (more than last year's tepid growth), the lifeblood of our business with significant positive margin, both domestically (where we are non-scientifically saying for YEARS that we have saturated the

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 In Re JUUL Labs, Inc.

market (which I cannot believe or abide by)) and internationally (where we have a totally opaque view on rollout)

- Getting the operation functioning with working ERP system, clear division of responsibility between product and business, and fixing and expanding our distribution for Pax
- Getting K3 out and defining its business/distribution framework
- Having a clear plan we believe in by quarter on taking revenue to 100, 200, 300MM
- Nailing a domestic Juul distribution formula that works, extending beyond established low-margin, highly competitive c-store channels and to Nespresso-style, direct to consumer models, ideally with on demand delivery via smart phones
- Having a holistic product development process and leading the land grab for IP

I am not saying these things are not being worked on, but these are the things that need to be adequately addressed for us to get a round done at a \$1bn+ pre. Not a bizarre mission to get bankers to tell us things we should know ourselves, and that are not immediate necessities.

**From:** James Monsees <james@pax.com>

**Date:** Monday, 27 July 2015 17:19

**To:** Hank Handelsman <hhandelsman@pritzkerorg.com>, Riaz Valani <rvalani@gacapital.com>

**Cc:** [REDACTED], Adam Bowen <adam@pax.com>, "Nicholas J. Pritzker" <nicholas@taocap.com>, Scott Dunlap <sdunlap@ploom.com>, Alexander Asseily <aa@state.com>, [REDACTED]

**Subject:** Re: Pax/SPV follow-up

Agreed, a sensible argument. On the other hand, it's also possible that global (ex-US) opportunity is what it takes to access a much larger transaction via a large partner. Those conversations are still moving forward and I'll try to fit in an update on them on Friday. Riaz, if you want to discuss before then of course feel free to call anytime.

I agree that we need a framework. From what I've learned from Fidelity, each country is so different in nature that it would be difficult or impossible to generate a framework that is universal in nature. To that end Tim and I and with some involvement from Hank, are discussing this with a few banking firms. I believe you already know this. Our goal is to have multiple firms look at overall value for the company down the road (for free, naturally), and for one firm to be engaged for a deep dive on JUUL international expansion. The engagement compensation would be entirely performance based and is expected to generate the hundreds of pages of scenario analyses and comparative valuations we'll need to maximize any deal.

That's my priority right now: getting clarity for all of us to review. Are we all on the same page?

I'd like for all of us to have a deep dive on this as soon as we are ready to recommend an engagement. This Friday we're expecting to do a deep dive on WHG/alternatives and on K3. It's possible we'll need to split these up in the interest of time. This would hopefully be the next issue to dive into, and will certainly be a big topic for the next board meeting. While we haven't yet reached total US domination with JUUL I think we'll all leave the next board meeting with a sense of confidence that as a lowest-common-denominator path we are getting significant traction at home and everyone will bid on that.

Hoyoung, can we discuss the scheduling of that meeting separately?

Thanks everyone.

-J



On Mon, Jul 27, 2015 at 7:14 AM Handelsman, Hank <[hhandelsman@pritzkerorg.com](mailto:hhandelsman@pritzkerorg.com)> wrote:  
Makes sense.

Sent from my iPhone

On Jul 27, 2015, at 6:06 AM, Riaz Valani <[RValani@gacapital.com](mailto:RValani@gacapital.com)> wrote:

We should be clear amongst ourselves on a written framework/construct that would work for country-by-country partners, including timing, our capacity to support specific countries, market size and distribution/SRA profiles, capital requirement, criteria for the country partner and working dynamic. I circulated an email on Uber raising 1bn for Uber China, and like the idea that we have a country-specific partner for SRA and distribution that becomes a minority equity holder in the specific country's company.

What happened with BAT/PMI? My gut sense is that these discussions are too broad as they would want ALL international and we may be better off pursuing intl distribution (a) on a country by country basis, and (b) trying to use alternative (D2C/D2R/online) distribution strategies instead of fitting into established channels that eat up margin and force us to go head to head with incumbents.

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**From:** [REDACTED]  
**Date:** Sunday, 26 July 2015 21:58  
**To:** "zhuangzhiqiang@hbglobal.com" <[zhuangzhiqiang@hbglobal.com](mailto:zhuangzhiqiang@hbglobal.com)>, [REDACTED]  
**Cc:** James Monsees <[james@pax.com](mailto:james@pax.com)>, Scott Dunlap <[sdunlap@pax.com](mailto:sdunlap@pax.com)>, Adam Bowen <[adam@pax.com](mailto:adam@pax.com)>, Riaz Valani <[rvalani@gacapital.com](mailto:rvalani@gacapital.com)>  
**Subject:** Pax/SPV follow-up

Jackie, Ron,

Thank you for your time last week. We appreciated the chance to learn more about your business and partnership opportunities. I've had the chance to brief some of Pax's senior management as well as some of the board on our conversation. Everyone is interested to discuss further and move our dialogue forward. As a next step, please connect with the company leadership on the e-mail, and perhaps we should plan for a next meeting at Pax headquarters when you are in San Francisco.

Best,

Zach

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